

Message Text

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70

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FEA-01 PA-01 PRS-01 /123 W

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R 261508Z JAN 76

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 3012

INFO AMEMBASSY ABIDJAN

AMEMBASSY ABU DHABI

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY DAKAR

AMEMBASSY DOHA

AMEMBASSY FREETOWN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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LIMITED OFFICIAL USE LAGOS 1011

E.O. 11652: N/A

TAGS: ENRG, NI

SUBJECT: NIGERIAN CRUDE BUYERS BEGIN FALLING INTO LINE

REF: (A) LAGOS 12088 DEC 5, 1975; (B) LAGOS 0861

1. MOST BUYERS WHO ORIGINALLY BALKED AT NIGERIA'S STIFF NEW PRICE DEMANDS HAVE, AFTER REASSESSING THE MARKET FOR LIGHT CRUDES BEGUN RETURNING TO LAGOS TO ACCEPT THE TERMS. EVEN THE PRODUCING COMPANIES, BITTER OVER THE GOVERNMENT RENEGING ON ITS AGREEMENT TO SELL TO THEM AT 12.61 IN THE FIRST QUARTER AND DISTRESSED AT THE EFFECT LOWER MARGINS WILL HAVE ON THEIR ABILITY TO MAKE NEW INVESTMENTS IN PRODUCTION AND EXPLORATION, ADMIT FREELY THAT NIGERIAN LIGHT IS POSSIBLY THE MOST DESIRABLE CRUDE IN TODAY'S MARKET AND CONCEDE THAT AT 12.75 IT IS COMMERCIALY PRICED.

2. ACCORDING TO TRADING SOURCES, THE LATEST LINEUP OF BUYERS WHO HAVE AGREED TO LIFT IN THE FIRST QUARTERS, IS AS FOLLOWS:

COMPANY	QUANTITY IN BB1/DAY
SHELL USA	150,000
GULF OIL	100,000
CITIES SERVICE	50,000
TEXACO	50,000
MARC RICH & CO.	40,000
PHILIPP BROTHERS	40,000
GELSENBERG	30,000
CROWN CENTRAL	30,000
PETROBRAS (BRAZIL)	20,000

3. OF THE OTHER BUYERS LISTED IN REFTEL (A), GRAND BAHAMAS, WILCO, TENNECO, AND THE GHANA SUPPLY COMMISSION APPEAR TO HAVE DROPPED OUT. GELSENBERG REDUCED ITS PURCHASE COMMITMENT BY HALF, WHILE MARC RICH ADDED 10,000 B/D.

4. IN ADDITION TO THE PURCHASE COMMITMENTS ABOVE, SHELL/BP APPARENTLY STILL INTENDS TO TAKE APPROXIMATELY 300,000 B/D AND LIMITED OFFICIAL USE

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MOBIL 66,000 B/D, ALTHOUGH MOBIL HAS SO FAR NOT ACCEPTED THE DOLLARS 12.75 PRICE. TO THESE SALES AGREEMENTS SHOULD ALSO BE ADDED THE 20,000 B/D WHICH WILL GO TO THE IVORY COAST UNDER A RECENTLY CONCLUDED REFINING AGREEMENT (REFTEL B), AND THE NIGERIAN NATIONAL OIL COMPANY'S 550 PERCENT SHARE OF SUPPLIES TO THE PORT HARCOURT REFINERY. EQUIVALENT TO A MAXIMUM OF 33,000 B/D. ALL OF THESE FIGURES ADD UP TO 959,000 B/D. AT PRESENT RATES OF PRODUCTION, THE FMG'S 55 PERCENT SHARE AMOUNTS TO JUST UNDER

1.1 MILLION B/D. MOST OF THE GOVERNMENT'S OIL THUS APPEARS TO
HAVE BEEN SOLD. ONLY BONNY MEDIUM (APPROXIMATELY 27 API) APPEARS
TO BE MOVING SLOWLY AND IS STILL AVAILABLE IN SUBSTANTIAL VOLUMES.
EASUM

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NNN

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Disposition Authority: morefirh
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Disposition Remarks:
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